



# The Sutton Academy

## **The Sutton Academy** (A Company Limited by Guarantee)

**Annual Report and Financial Statements**  
**Year ended 31 August 2021**



**Company Registration Number**

**7103919**

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## Reference and Administration Details

### Members

Mrs J Callaghan  
Mr P Winter  
Mr S Pierce  
Mrs A Sherman  
Mr M Doyle

### Appointed/Resigned

(Appointed September 2019)  
(Appointed October 2019)  
(Appointed August 2020)  
(Appointed December 2020)  
(Appointed June 2021)

### Trustees

Mrs A Sherman \*/\*\*  
Mr P Willerton\*/\*\*  
Mr N Gribben\*\*  
Mrs S Jee

### Appointed/Resigned

(Principal - Appointed November 2014, Resigned August 2020)  
(Principal – Appointed September 2020)  
(Appointed July 2013)  
(appointed December 2012 - Resigned July 2016 – resigned as a Trust Body Member September 2019)  
(Re-appointed June 2019 for third term-of-office)  
(Re-appointed February 2018 for second term-of-office)  
(Re-appointed June 2019 for second term-of-office)  
(Appointed November 2015)  
(Appointed June 2018, Resigned August 2020)  
(Appointed March 2019)  
(Appointed June 2019)  
(Appointed October 2019, Resigned December 2020)  
(Appointed October 2019)  
(Appointed June 2020)  
(Appointed June 2021)

\* members of the Finance and Human Resources Committee

\*\*members of Standards and Curriculum Committee

**Company Secretary Mrs J Tallant**

### **Senior Management Team**

Principal	Mr P Willerton
Vice Principal	Mrs L Grace
Vice Principal	Mr K Harker
Assistant Principal	Mrs T Simmonds
Assistant Principal	Mrs L Seddon
Assistant Principal	Ms G Medare (Appointed September 2020)
Assistant Principal	Mr P Trainor (Resigned August 2021)
Assistant Principal	Mr D Hudson (Appointed Jan 2021)
Assistant Principal	Mr R Hodgson (Appointed April 2021)
Director of Operations	Mr P Blakemore
Chief Financial Officer	Mrs J Tallant

### **Principal and Registered Office**

The Sutton Academy  
Elton Head Road  
St Helens  
Merseyside  
WA9 5AU

**Company Registration Number** 7103919

**Independent Auditors**

Wylie & Bisset (Audit) Limited  
Chartered Accountants  
168 Bath Street  
Glasgow  
G2 4TP

**Bankers and Investment Advisors**

Lloyds Banking Group  
Liverpool Law Courts Branch  
Lord Street 2-12  
Merchants' Court  
Liverpool  
L2 1TS

**Solicitors**

Eversheds LLP  
Great Bridgewater Street  
Manchester  
M1 5ES

**Pension Advisors**

Mercer Ltd  
Mercury Court  
Liverpool  
Tithebarn Street  
L2 2QH

## **Trustees' Report**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 18 serving a catchment area in St Helens. It has a pupil capacity of 1,350 and had a roll of 1,339 in the school census in summer 2020.

### **Structure, Governance and Management**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Sutton Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Sutton Academy.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 3.

### **Members' Liability**

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he/she ceased to be a member.

### **Trustees' Indemnities**

The Companies Act 2006 s 236 requires disclosure concerning qualifying third-party indemnity provisions. Indemnity cover for Trustees in 2020/21 was £2,000,000

### **Method of Recruitment and Appointment or Election of Trustees**

The number of Trustees shall be not less than three (unless otherwise determined by ordinary resolution) and shall not be subject to any maximum (the current Governing Body consists of 12 Trustees). The Academy Trust shall have the following trustees:

- The Academy Sponsor will appoint the majority of members of the Trust Board up to 9 Sponsor trustees
- 1 Local Authority trustee
- 1 Parent trustee elected by parents of registered pupils at the Academy
- The Principal appointed by the Academy Trust
- Up to 5 additional co-opted trustees, a person who is appointed to be a trustee by being co-opted by trustees who have not themselves been so appointed
- Any trustees appointed by the Secretary of State

Each of the persons entitled to appoint trustees above shall have the right, from time to time by written notice delivered to the office, to remove any member appointed by them and to appoint a replacement member to fill a vacancy whether resulting from such removed or otherwise.

The term of office for any trustee shall be 4 years, save that this time limit shall not apply to either the Principal or Principal Sponsor (during any period that the Principal Sponsor is a Trustee) or to any trustee who is an employee of the Sponsor. Subject to remaining eligible to be a particular type of trustee, any trustee may be re-appointed or re-elected.

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

The training and induction provided for new trustees will depend on their existing experience. All new Trustees will be given a tour of the Academy and the chance to meet with staff and students. Trustees will be provided with copies of relevant documents that they will need to undertake their role as trustees,

including the Governance Handbook, which is produced annually and contains key details on the governance arrangements of the Academy. Inductions will be tailored specifically to the individual. Training sessions offered are advised to trustees and sessions attended are on an individual basis according to need.

### **Organisational Structure**

The organisational structure consists of 4 levels: Trust Body Members, Trustees, the Academy Leadership Team and Middle Managers. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for the overall direction of the Academy and for overseeing and reviewing the operation of the Academy. The latter responsibility will be undertaken through the trustees who collectively form the Board of Trustees' which has delegated responsibility for the management of the Academy on behalf of the members. The Trustees' are responsible for setting general policies, adopting an annual plan and budget. The Trustees' are also responsible for monitoring the performance against the annual plan and budget, capital expenditure and senior staff appointments.

The Academy Leadership Team comprises of the Principal who is the Accounting Officer, two Vice Principals, five Assistant Principals, a Director of Operations and the Chief Financial Officer.

The Academy's Leadership Team at an executive level implements the policies laid down by the Trustees' and report back to them. As a group the Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff. The responsibility for the appointment of the Principal, Vice Principals and Chief Financial Officer rests with the Trustees'. Some spending control is devolved to members of the Middle Management Team, with limits in place. Above these limits a member of the Senior Leadership team must countersign. Day to day management is delegated to the Principal. The Principal and Leadership Team meet formally once per week.

The Principal also:-

- Holds staff briefings twice per week
- Holds regular meetings with professional association and trade union representatives.

The Middle Management team includes Faculty Leaders, subject leaders and Achievement Leaders for each year group. These Leaders are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

### **Arrangements for setting pay and remuneration of key management personnel**

The Principal's salary is reviewed once a year following appraisal, with the findings to be reported to the Remuneration Committee for consideration. The recommendations from the Remuneration Committee in respect of any pay adjustment are reported to the Trust Board who recommends any associated pay for the Principal to the trust body for final approval.

The Vice Principals and Assistant Principals must demonstrate sustained high quality of performance in respect of academy leadership and management and pupil progress, and is subject to a review of the totality of their performance and the academy's performance as agreed with their appraiser as part of their annual appraisal before any discretionary pay increases can be awarded.

Annual pay progression within the pay range is not automatic. Any progression will normally be by one point, but the Trust Board may consider movement by two points in exceptional circumstances, where all objectives have been exceeded or where performance has exceeded expectations as part of the appraisal review.

## Trade union facility time

### Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
2	2

### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1%-50%	1
51%-99%	-
100%	-

### Percentage of pay bill spent on facility time

Total cost of facility time	£213.35
Total pay bill	£4,878,354
Percentage of the total pay bill spent on facility time Calculated as: (total cost of facility time + total pay bill) x 100	0.0043%

### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as : (total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours) x 100	-
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## Related Parties and other Connected Charities and Organisations

The Academy Trust works closely with its principal sponsor, St Helens College on a range of matters including finance services. The Academy also works closely with the Department for Education (DfE) and St Helens MBC.

## Objectives and Activities

### Objects and Aims

The principle object and activity of the charitable company is the operation of The Sutton Academy to provide education for students of different abilities between the ages of 11 and 19.

In accordance with the articles of association, the charitable company has adopted a Funding Agreement approved by the Secretary of State for Education and Skills. The Funding Agreement specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

## **Objectives, Strategies and Activities**

The following areas were identified as a priority in the Academy Improvement Plan

### **Priority Area 1: Develop an ethos which supports staff well-being.**

### **Priority Area 2: To improve behaviour and pastoral support to outstanding.**

- Further develop behaviour systems to support all student groups to reach the academy's high expectations
- Ensure The Base Curriculum provides a worthwhile education
- Improve attendance for all groups
- To develop an effective rewards system which reflects the academy values, and is accessible to all students

### **Priority Area 3: Develop a knowledge rich curriculum built around the 5 pillars supported by student access to powerful vocabulary**

- Ensure a curriculum structure which is at least as broad as the National Curriculum
- Develop and effectively implement a 'knowledge rich' curriculum which all students can access.
- Improve students' literacy levels and their knowledge/use of powerful vocabulary
- Develop the delivery of PHSC and cultural capital
- Introduce an evidence informed approach to Academy improvement.

### **Priority Area 4: Disadvantaged students**

- To provide academic support for Disadvantaged students to allow them to perform in line with other students
- To provide pastoral and family support for disadvantaged students to ensure that economic background is not a barrier to achievement
- To provide emotional and mental wellbeing support to disadvantaged students to ensure this is not a barrier to achievement

### **Priority Area 5: Home Learning**

- Provide a home learning system which is inclusive to all, fit for purpose in case of continued closure and can be used to support students catching up if required.
- Ensure home learning complements and enhances the overall curriculum.

### **Priority Area 6: Specific focus on English, Humanities, MFL and Science**

The identification of value for money is considered crucial to the integration of financial and performance management and demonstrating that the academy is managing its business having due regard to economy, efficiency and effectiveness.

The main objectives were largely achieved and these are summarised in the paragraph below, however the academy is continuing to focus its leadership and management energy on further improving standards for all students across a range of subjects and in particular for disadvantaged students. Particular attention is given to ensure the curriculum allows students to succeed in terms of Attainment 8. There is also a continued emphasis on raising standards within Sixth Form, in particular in academic courses.

## **Public Benefit**

The Academy Trust trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.



## Strategic Report

### Achievements and Performance

The Sutton Academy is a large 11-18 comprehensive school.

Our work at the academy is underpinned by our desire for:

- Students to achieve to the best of their ability through an ethos of high standards
- Parents to send their children to the academy knowing they will be successful, cared for and enthused
- Staff to be challenged and supported to develop to their full potential to make a difference every day

Our role as educators is to ensure the students leave us with:

- Powerful knowledge, vocabulary and a wealth of cultural capital
- Qualifications which enable them to take control of the next stages of their life
- The four core academy values: kind, reflective, resilient and part of a community

The Sutton Academy is driven to provide:

- A culture where every child is cared for and encouraged to grow
- The highest standards of behaviour and mutual respect
- A knowledge-rich curriculum
- Highly effective evidence informed teaching
- A strong partnership with both parents/carers and students
- The best enrichment opportunities
- Staff who feel privileged to serve our community

The Academy has 1,387 students on roll, 48.8% boys and 51.2% girls. On indicators of deprivation, 47 % of students are from disadvantaged backgrounds with 16% of students on the SEND register.

The local context provides significant challenge related to socio-economic deprivation; including high rates of child poverty, higher than average rates of unemployment, high youth crime rates, high rates of mental health diagnoses and reduced life expectancy. Despite these significant barriers, our 5 – year rolling average P8 score continues to improve.

#### Key Stage 4 and 5 Outcomes – 2020

In 2020 and 2021, the academy was anticipating a significant jump in outcomes but due to Covid-19, all GCSE's and A-Levels awarded were CAGs. This has meant headline performance measures for 2020 and 2021 do not exist.

Outcomes for students improved significantly in 2017, this improvement was consolidated in 2018 and 2019. The progress 8 score of -0.21 was the highest the academy had achieved with 43.96 Attainment 8. Disadvantaged students 39.43. 58% of students gained grades 9-4 in English and mathematics and 31% grades 9-5.

Significant progress was made during the academic year, taking into account the impact of Covid-19, to achieve the Priorities set out above. A section 8 Ofsted Inspection in March stated that "Leaders and those responsible for governance are taking effective action to provide education in the current circumstances."

## Key Performance Indicators

As part of the monthly management accounts the academy report on a number of key performance indicators which enables the Trustees' to compare the performance of the academy on a monthly basis in the following areas:-

- income received compared to that budgeted
- expenditure measured against budget
- staff costs as a percentage of income
- measuring the expenditure against the General Annual Grant received
- cash flow

## Going Concern

After making appropriate enquiries, the trustees' have a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

## Financial Review

The results for the year show a net surplus of £328k which is in broadly in line with management's approved forecasted expectations. (2019/20 deficit £66k SOFA page 23). The net cash inflow from operating activities was £858k (2019/20 £267k).

All expenditure in the accounting period was incurred in achieving the aims and objectives set out in the Academy's Development Plan. Net liabilities at 31 August 2021 were [£3,253k] which includes the pension liabilities of (£5,870k), excluding the pension liabilities from the net asset reveals a position of £2,617k. This is largely made up of £1,950k of tangible assets and working capital balances (see Balance sheet page 25).

Tangible fixed asset additions during the year amounted to £524k. This was mainly attributable to the investment in the second phase of the electrical installation refurbishment CIF project along with the investment in the IT replacement plan, furniture and equipment. Fixed asset additions include DfE donated assets of £83k and other donated assets totalling £125k which relate to the investment in new and refurbished catering facilities.

The principle source of the Academy's income is the ESFA in the form of recurrent grants, the use of which is restricted to specific purposes. The grants received from the DfE during the period ended 31 August 2021 and the associated expenditure are shown as restricted funds in the statement of financial activities.

In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The Academy receives the services of a finance professional in the role as Chief Financial Officer.

## Reserves Policy

The trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The total reserves of the Academy, excluding the pension liability of (£5,870k) are £2,647k. These reserves are in the main earmarked to support on-going capital expenditure, protect the Academy from short term variations in income and have largely arisen through accumulated surpluses. The desired contingency reserve should be 8% of GAG income. The level of reserves should not fall below a minimum of 4% or £300k (excluding fixed asset reserve). This reserve level is required for unforeseen circumstances and urgent maintenance.

## Investment Policy

The Academy has a Treasury Management Policy, where funds can be placed on short term deposit; investments are approved by the Finance and Human Resources committee and on a Triple 'A' rating

investment. Current investments only relate to bank deposits. The investment policy is included with the Financial Regulations policy and was last reviewed in June 2021.

### **Principal Risks and Uncertainties**

The Academy faced a number of risks which are reported within the risk register. The key financial risks would include:

- a reduction in pupil numbers, in particular sixth form, and the rates paid per commissioned place;
- The Trust is in particular open to risks surrounding staffing and income. Staffing, like other schools, accounts for the use of the majority of incoming financial resources. The Trust is particularly vulnerable to external pressures, such as pressures presented by external bodies, i.e. School Teachers' Review Body (and the various interpretations of their recommendations), who may recommend increases in pay despite there being no increase in funding, failure to follow through on such recommendations (or interpretations of these recommendations) may result in exposure to other risks associated with staffing.
- The risk register now includes the impact of a global pandemic. This has led to significant costs to ensure staff and students are safe on their return to academy life.

### **Fundraising**

The academy trust carries out a limited amount of fundraising. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the Trust's complaints procedure.

### **Plans for Future Periods**

The Sutton Academy has developed a strong commitment to ensuring the future success of all students through:

- Offering an academically rigorous curriculum to ensure that students are well prepared for the increasing demands of new qualification specifications
- A whole academy approach to developing 'good' and 'outstanding' teaching in all subjects
- Working with outstanding sponsor and educational partners – St Helens College, Ambition Institute, TCAT and Teach First to improve learning opportunities for students and staff.
- Strong pastoral care, mentoring and guidance
- A staff committed to improvement, team work and collaboration

### **Funds Held as Custodian Trustee on Behalf of Others**

The Academy's school fund forms part of The Sutton Academy accounts. The income and expenditure has separate project codes which ensure the appropriate expenditure control. This is audited within the total Academy accounts.

### **Auditor**

Insofar as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Wylie and Bisset were appointed as external auditors in March 2017.

The Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company director, on 16 December 2021 and signed on the board's behalf by:

Signed:

Mr P Winter

Chair of the Sutton Academy Trust Body

## Governance Statement

### Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that The Sutton Academy has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees have delegated the day to day responsibility to the principal as the accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Sutton Academy and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdown of internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings Attended	Out of a possible
Mrs P Willerton(Principal)	4	4
Mr N Gribben	3	4
Mr G Pennington	4	4
Mr N Jackson	3	4
Mr P Winter (Chair)	4	4
Mrs J Davies	2	4
Mrs N Morley	3	4
Mr J McClaren	3	4
Mrs N Kearney	4	4
Mrs J Powell	2	4
Mr T Long	1	1

The key challenge for the board this year is to further improve outcomes in particular the proportion of higher grades and the progress 8 scores. The board acknowledges the improvements made in recent years but recognises that all outcomes are not yet in line with national averages. The attainment gap for pupil premium has narrowed but requires further work as does the requirement to stretch and challenge the most able students. Progress and much more is being addressed through the successful implementation of the Academy Improvement Plan presented to and scrutinised by the trustees in great detail. A key focus for the academy has been to improve the quality of teaching and learning and trustees were pleased to see this judged as good by Ofsted In May 2019. A wide-ranging CPD and performance management programme supports the staff in achieving the improvements required. trustees will focus on closely monitoring recruitment and the financial plans for 2021/2022.

The board undertakes an annual self-assessment of Governance leading to a comprehensive action plan which is closely monitored by the Trust Board. Governance have a wide range of skills, expertise and extensive knowledge of the local community. They are well informed about the Academy and see the quality of teaching for themselves. They oversee performance management arrangements and know that teachers' salary progression is based on students' progress, and how underperformance is tackled. trustees understand what data on students' performance tells them about how well the Academy is performing. As a result, trustees have an accurate view of the Academy's strengths and areas for improvement, and effectively challenge Academy leaders to bring about improvements.

The Finance & Human Resources committee is a sub-committee of the main board of trustees. Its purpose is to assist the decision making of the Trust Board, by enabling more detailed consideration to be given the best means of fulfilling the Trust Board's responsibility to ensure sound management of the academy's

finances and resources, including proper planning, monitoring and probity. Attendance at meetings in the year was as follows:

Trustee	Meetings Attended	Out of a Possible
Mr G Pennington (Chair)	4	4
Mr P Willerton (Principal)	4	4
Mr N Jackson	4	4
Mr P Winter	4	4
Mrs J Powell	2	4
Mr J Maclaren	2	4

### Review of Value for Money

As Accounting Officer the principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources have provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- ensuring class sizes and staffing ratios are efficient.
- continuously reviewing contracts and service level agreements, resulting in reduction in costs and a improvement in the quality of service provided.

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust Policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Sutton Academy Trust for period 1 September 2020 to 31 August 2021 and up to the date of the annual report and financial statements.

### Capacity to Handle Risk

The board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trusts' significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

## The Risk and Control Framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:-

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the Finance & Human Resources Committee of reports which include financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchasing or capital investment) guidelines
- delegation of authority and segregation of duties
- Identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided:

- The trustees have approved the internal audit services of Haines Watts to perform additional checks
- CFO complete monthly internal controls checks and the outcome of these checks are reported to Finance & Human Resources committee on a termly basis.

These arrangements will provide reasonable assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period. The agreed internal audit process will strengthen the position of the financial control and assurance.

The revised FRC ethical standards for auditors no longer permits a firm who provides external audit services to an entity to also provide internal audit services. The Trust Board has therefore appointed Haines Watts as internal auditors from 1<sup>st</sup> September 2020.

## Review of Effectiveness

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor/reviewer
- the work of the external auditor
- the financial management and governance self-assessment process
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Human Resources Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees' on 16 December 2021 and signed on its behalf by:

Signed:

Mr P Winter

Chair of the Sutton Academy Trust Body



Signed:

Mr P Willerton, Principal and  
Accounting Officer



## Statement on Regularity, Propriety and Compliance

As accounting officer of The Sutton Academy Trust I have considered my responsibility to notify the academy's board of trustees and the Education Funding and Skills Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have due regard to the requirement of the Academies Financial Handbook 2021.

I confirm that I and the academy board of trustees' are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2021.

I confirm that there are no instances of material irregularity, impropriety or funding non-compliance that have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.

The Academy has requested approval for the financial management services related party transaction with St Helens College in line with the requirements of the Academies Financial handbook. The ESFA compliance unit have now confirmed that the 2018/19 related party transaction was not in the scope of the approval requirement (from 1 April 2019). The 2019/20 & 2020/21 request has been reconsidered by the ESFA but not approved due to having already been entered into by the Academy Trust before approval was given.

The financial management services transactions related party transaction ceased in April 2021 and the Chief Financial Officer became an employee of the Academy in May 2021.

Signed



Mr P Willerton  
Accounting Officer

Date: 16 December 2021

## Statement of Trustees' Responsibilities

The trustees (who act as Trustees of The Sutton Academy Trust) and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under Company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees' on 16 December 2021 and signed on its behalf by:

Signed:  
Mr P Winter  
Trustee





## **Independent auditors' report to the members of The Sutton Academy for the year ended 31 August 2021**

### **Opinion**

We have audited the financial statements of The Sutton Academy (the 'academy trust') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities Statement of Recommended Practice (SORP 2019) and the Academies Accounts Direction 2020 to 2021 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2021, and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with Charities Statement of Recommended Practice (SORP 2019) and the Academies Accounts Direction 2020 to 2021.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or

our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the Trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, the trustees, who are also the directors of The Sutton Academy for the purposes of company law, are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of

irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

**Extent to which the audit was considered capable of detecting irregularities including fraud**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures response to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing the risks or material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following;

- The nature of the academy, the environment in which it operates, and the control procedures implemented by management and the trustees; and
- Our enquiries of management and trustees about their identification and assessment of the risks of irregularities.

Based on our understanding of the academy and the sector we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to;

- Regulations and legislation pertinent to the academy's operations

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Financial Reporting Standard Applicable in UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP (FRS102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. We evaluated management and trustees' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to;

- Posting inappropriate journal entries.

Audit response to the risks identified;

Our procedures to respond to the risks identified included the following;

- Gaining an understanding of the legal and regulatory framework applicable to the academy and the sector in which it operates;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, trustees and legal advisors concerning actual and potential litigation and claims;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Department for Education and Education & Skills Funding Agency,
- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments; evaluating rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2020 to 2021 issued by the Education & Skills Funding Agency on terms that have been agreed.

Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.



Scott Gillon BA (Hons) FCCA, CA (Senior Statutory Auditor),  
For and on behalf of Wylie & Bisset (Audit) Limited

Chartered Accountants  
Statutory Auditor  
168 Bath Street  
Glasgow  
G2 4TP

16 December 2021

## **Independent Reporting Accountant's Assurance Report on Regularity to The Sutton Academy and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter (dated 6<sup>th</sup> October 2020) and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Sutton Academy during the period 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Sutton Academy and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Sutton Academy and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Sutton Academy and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of The Sutton Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Sutton Academy's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2020 to 2021 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Direct consideration and corroboration of evidence used to inform the accounting officer's statements;

- Procedures to assess compliance with the funding agreement and Academies Financial Handbook from those already performed as part of the audit;
- Consideration of whether expenditure outside of the academies delegated authorities has received departmental approval;
- Evaluation and assessment of the operating effectiveness of the general control environment and operational level which are intended to reduce the risk of irregularity;
- Assessment of adequacy of policies and procedures to ensure compliance with the framework of authorities;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirement of the Academies Accounts Direction 2020 to 2021.
- Consideration of whether the absence of a control represents a breach of authorities;
- Review of accounts or transactions susceptible to a greater risk of impropriety such as credit cards and cash accounts.

This list is not exhaustive and we performed additional procedures designed to provide us with additional appropriate evidence to express a conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2020 to 2021.

## Conclusion

In the course of our work, except for the matters listed below nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matter 1: The Academy has requested approval for the financial management services related party transaction with St Helens College in line with the requirements of the Academies Financial handbook. The 2020/21 request has been considered by the ESFA but not approved due to having already been entered into by the Academy Trust before approval was given.

Matter 2: The financial management related party transaction ceased in April 2021 as the Chief Financial Officer became an employee of the Academy from May 2021.

Signed:



**Scott Gillon BA (Hons) FCCA, CA**  
Reporting Accountant

**Wylie & Bisset (Audit) Limited,**  
Chartered Accountants,  
Statutory Auditor

**16 December 2021**

**The Sutton Academy**
**Statement of Financial Activities for the Year to 31 August 2021**

(Including Income and Expenditure Account)

		Unrestricted	Restricted	Restricted	Total	Total
		Funds	General	Fixed	2021	2020
	Note	£000	£000	Asset Funds £000	£000	£000
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	-	208	208	14
Charitable activities:						
<i>Funding for the academy trust's educational operations</i>	3	-	8,672	231	8,903	8,055
Other trading activities	4	8	65	-	73	150
Investments	5	-	-	-	-	1
<b>Total incoming resources</b>		<b>8</b>	<b>8,737</b>	<b>439</b>	<b>9,184</b>	<b>8,220</b>
<b>Expenditure On;</b>						
Raising funds		-	-	-	-	-
Charitable activities:						
Academy's educational operations	6	8	8,483	364	8,855	8,286
<b>Total resources expended</b>		<b>8</b>	<b>8,483</b>	<b>364</b>	<b>8,855</b>	<b>8,286</b>
<b>Net income / (expenditure)</b>		<b>-</b>	<b>254</b>	<b>75</b>	<b>329</b>	<b>(66)</b>
Transfers between funds	16	-	(163)	163	-	-
<b>Other recognised (losses)</b>						
Actuarial gains/(losses) on defined benefit pension schemes	16,27	-	(549)	-	(549)	347
<b>Net movement in funds</b>		<b>-</b>	<b>(458)</b>	<b>238</b>	<b>(220)</b>	<b>281</b>
<b>Reconciliation of Funds</b>						
Funds brought forward		190	(5,011)	1,788	(3,033)	(3,314)
<b>Funds carried forward</b>		<b>190</b>	<b>(5,469)</b>	<b>2,026</b>	<b>(3,253)</b>	<b>(3,033)</b>

# The Sutton Academy

## Statement of Financial Activities for the Year to 31 August 2021

(Including Income and Expenditure Account)

### Comparative year information

Year ended 31 August 2020

		Unrestricted	Restricted	Restricted	Total	Total
		Funds	General	Fixed	2020	2019
	Note	£000	Funds	Asset	£000	£000
		£000	£000	Funds		
		£000	£000	£000		
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	14	-	14	38
Charitable activities:						
<i>Funding for the academy trust's educational operations</i>	3	-	7,755	300	8,055	7,924
Other trading activities	4	150	-	-	150	126
Investments	5	1	-	-	1	2
<b>Total incoming resources</b>		<b>151</b>	<b>7,769</b>	<b>300</b>	<b>8,220</b>	<b>8,090</b>
<b>Expenditure On;</b>						
Raising funds	6	-	-	-	-	26
Charitable activities:						
Academy's educational operations	7	-	7,987	299	8,286	7,852
<b>Total resources expended</b>			<b>7,987</b>	<b>299</b>	<b>8,286</b>	<b>7,878</b>
<b>Net income / (expenditure)</b>		<b>151</b>	<b>(218)</b>	<b>1</b>	<b>(66)</b>	<b>212</b>
Transfers between funds	16	(144)	(98)	242	-	-
<b>Other recognised (losses)</b>						
Actuarial gains/(losses) on defined benefit pension schemes	16,27	-	347	-	347	(1,517)
<b>Net movement in funds</b>		<b>7</b>	<b>31</b>	<b>243</b>	<b>281</b>	<b>(1,305)</b>
<b>Reconciliation of Funds</b>						
Funds brought forward		183	(5,042)	1,545	(3,314)	(2,009)
<b>Funds carried forward</b>		<b>190</b>	<b>(5,011)</b>	<b>1,788</b>	<b>(3,033)</b>	<b>(3,314)</b>



**The Sutton Academy**  
**Balance sheet as at 31 August 2021**

	Notes	2021 £000	2021 £000	2020 £000	2020 £000
<b>Fixed assets</b>					
Tangible assets	11		1,950		1,788
<b>Current assets</b>					
Stock	12	-		8	
Debtors	13	349		415	
Cash at bank and in hand	23	1,135		563	
		<u>1,484</u>		<u>986</u>	
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	14	(701)		(714)	
<b>Net current assets</b>			<u>783</u>		<u>272</u>
<b>Total assets less current liabilities</b>			<u>2,733</u>		<u>2,060</u>
Creditors: Amounts falling due after more than one year	15		(86)		(82)
<b>Net assets excluding pension liability</b>			<u>2,647</u>		<u>1,978</u>
Defined benefit pension scheme liability	27		(5,870)		(5,011)
Provision	31		(30)		-
<b>Total net liabilities</b>			<u>(3,253)</u>		<u>(3,033)</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	16		2,026		1,788
Restricted income fund	16		401		-
Pension reserve	16		(5,870)		(5,011)
<b>Total restricted funds</b>			<u>(3,443)</u>		<u>(3,223)</u>
<b>Unrestricted income funds</b>					
General fund	16		190		190
<b>Total unrestricted funds</b>			<u>190</u>		<u>190</u>
<b>Total Funds</b>			<u>(3,253)</u>		<u>(3,033)</u>

The financial statements were approved and authorisation for issue by the Trust on 16 December 2021 and were signed on its behalf on that date by:

[Signed]



Mr P Winter  
Chair  
Company Number 7103919

**The Sutton Academy**  
**Cash Flow Statement for the year ended 31 August 2021**

	<b>Notes</b>	<b>2021 £000</b>	<b>2020 £000</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	858	267
<b>Cash flows from investing activities</b>	22	(293)	(206)
<b>Cash flows from financing activities</b>	21	7	29
<b>Change in cash and cash equivalents in the reporting period</b>		<u>572</u>	<u>90</u>
<b>Cash and cash equivalents at 1 September 2020</b>		563	473
<b>Cash and cash equivalents at 31 August 2021</b>	23	<u>1,135</u>	<u>563</u>

**The Sutton Academy**  
**Notes to the Financial Statements for the year ended 31 August 2021**

**1 Statement of accounting policies**

The standard format for the financial statements as required by the Companies Act 2006 schedule 4 part 1 has been adapted to provide more appropriate information which complies with the Statement of Recommended 'Accounting and Reporting by Charities' ('Charities SORP 2019') and reflects the activities of the Academy.

**Basis of Preparation**

The financial statements of the academy trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP (FRS102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Sutton Academy Trust meets the definition of a public benefit entity under FRS102.

**Going Concern**

The academy trust currently has negative reserves of [£3,253]k equating to positive reserves of £2,617k excluding pension reserve. The current cash flow prediction forecasts a cash reserve of £590k at August 2022. The academy therefore has adequate resources to continue in operational existence for the foreseeable future.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to the events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**Income**

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amounts can be measured reliably.

- **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship income**

Sponsorship income provided to the academy trust which amount to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are not performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

Donations are recognised on a receivable bases (where there are no performance related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected cost of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within income from other trading activities'.

**The Sutton Academy****Notes to the Financial Statements for the year ended 31 August 2021(continued)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

**Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct cost attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on Raising Funds**

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading

- **Charitable Activities**

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities

All resources expended are inclusive of irrecoverable VAT

**Tangible Fixed Assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward on the balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed asset have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- |                                    |          |
|------------------------------------|----------|
| • Long leasehold buildings         | 50 years |
| • Of which Refurbishments          | 10 years |
| • Fixtures, fittings and equipment | 4 years  |
| • Computer hardware                | 4 years  |
| • Motor vehicles                   | 4 years  |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed asset and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

**Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payment for the goods or service it must provide.

**Provisions**

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**The Sutton Academy****Notes to the Financial Statements for the year ended 31 August 2021 (continued)****Leased Assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

**Investments**

Fixed asset investments are stated at market value at the balance sheet date.

**Financial Instruments**

The academy trust only hold basic financial instruments as defined in FRS102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

*Cash at bank* – is classified as a basic financial instrument and is measure at face value.

*Financial liabilities* – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 14 and 15. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

**Stock**

Uniform stocks are valued at the lower of cost or net realisable value.

**Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**Pensions Benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pensions Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of the quinquennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the cost of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**Fund Accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency/DfE.

## The Sutton Academy

### Notes to the Financial Statements for the year ended 31 August 2021 (continued)

#### Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants	Unrestricted Funds £000	Restricted Funds £000	2021 Total £000	2020 Total £000
Capital Grants	-	-	-	-
Other donations	-	208	208	14
	-	208	208	14

#### 3 Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	2021 Total £000	2020 Total £000
<b>DfE / ESFA grants</b>				
- General Annual Grant (GAG)	-	7,917	7,917	7,193
- Start Up grants	-	-	-	-
- Capital grants	-	231	231	300
- Other DfE / ESFA grants	-	550	550	389
	-	8,698	8,698	7,882
<b>Other Government grants</b>				
- Local Authority Grants	-	204	204	173
	-	8,902	8,902	8,055

The income from the Academy Trusts educational activities was £8,903,000 (2020 £8,055,000) of which £8,672,000 was restricted (2020 £7,755,000) and £231,000 restricted fixed assets (2020: £300,000).

#### 4 Other Trading Activities

	Unrestricted Funds £000	Restricted Funds £000	2021 Total £000	2020 Total £000
Sundry income	8	(20)	(12)	150
Catering income	-	-	-	-
Lettings	-	1	1	-
Uniform	-	1	1	-
School Trips	-	83	83	-
	8	65	73	150

The income from trading activities was £73,000 (2020 £150,000) of which £65,000 was restricted (2020: £nil)

**The Sutton Academy**  
**Notes to the Financial Statements for the year ended 31 August 2021(continued)**

**5 Investment Income**

	Unrestricted Funds £000	Restricted Funds £000	2021 Total £000	2020 Total £000
Short term deposits	-	-	-	1
	-	-	-	1

The income from investments was £nil (2020 £1,000).

**6 Expenditure**

	Staff Costs £000	Premises £000	Other £000	Total 2021 £000	Total 2020 £000
Expenditure on raising funds	-	-	-	-	-
Academy's educational operations:					
· Direct costs	5,674	-	802	6,476	5,999
· Allocated support costs	1,273	646	460	2,379	2,287
	<b>6,947</b>	<b>646</b>	<b>1,262</b>	<b>8,855</b>	<b>8,286</b>

Expenditure was £8,855,000 (2020: £8,286,000) of which £8,000 was unrestricted (2020: £Nil), £8,483,000 was restricted (2020: £8,286,000) and £364,000 restricted fixed assets (2020: £299,000).

Net Income/(expenditure) for the period includes:

	2021 £000	2020 £000
Operating lease rentals	11	11
Depreciation	362	299
(Gain)/loss on disposal of fixed asset	-	-
Fees payable to auditor for: audit	13	15
-other services	3	1

**7 Charitable Activities**

	Total 2021 £000	Total 2020 £000
Direct Costs – educational operations	6,476	5,999
Support costs – educational operations	<b>2,379</b>	<b>2,287</b>
	<b>8,855</b>	<b>8,286</b>

	Educational operations £000	Total 2021 £000	Total 2020 £000
Support staff costs	1,273	1,273	1,204
Depreciation	87	87	48
Technology costs	32	32	60
Premises costs	646	646	543
Other support costs	306	306	358
Governance cost	35	35	74
Total support costs	<b>2,379</b>	<b>2,379</b>	<b>2,287</b>

**The Sutton Academy**  
**Notes to the Financial Statements for the year ended 31 August 2021(continued)**

**8**

**a. Staff**

**Staff costs**

	Total 2021 £000	Total 2020 £000
Wages and salaries	4,879	4,548
Social security costs	492	450
Operating costs of defined benefit pension schemes	1,131	1,277
	<b>6,502</b>	<b>6,275</b>
Supply teacher costs	145	164
Staff restructuring costs	-	33
	<b>6,647</b>	<b>6,472</b>

Staff restructuring costs comprise:

Redundancy payments	-	16
Severance payments	-	17
Other restricting costs	-	-
	<b>-</b>	<b>33</b>

b. There were no non-statutory/non contractual payment Included in staff restructuring (2020: £nil).

**c. Staff Numbers**

The average number of persons employed by the academy during the period was as follows:

	2021 No.	2020 No.
Teachers	85	83
Administration and support	71	74
Management	3	2
	<b>159</b>	<b>159</b>

	2021 No. FTE	2020 No. FTE
Teachers	82	80
Administration and support	58	49
Management	3	2
	<b>143</b>	<b>131</b>

**d. Higher paid staff**

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2021	2020
£60,001-£70,000	4	2
£70,001-£80,000	-	-
£80,001-£90,000	-	1
£90,001-£100,000	1	-
£100,001-£110,000	-	-
£110,001-£120,000	-	1



**The Sutton Academy**  
**Notes to the Financial Statements for the year ended 31 August 2021(continued)**

**e. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £793,839 (2020: £745,784).

**9 Related Party Transactions – Trustees' remuneration and expenses**

The principal and staff trustee only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:-

P Willerton (principal and trustee):  
Remuneration £90,000 - £95,000 (2020 £nil)  
Employer's pension contributions paid £20,000 – £25,000 (2020: £nil)

A Sherman (principal and trustee):  
Remuneration £nil (2020: £115,000 - £120,000)  
Employer's pension contributions paid £nil (2020: £25,000 - £30,000)

During the period ended 31 August 2021, travel and subsistence expenses totalling £nil (August 2020 £3) were reimbursed to trustees.

**10 Trustees and officers insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2021 was included in the total insurance cost.

**11 Tangible Fixed Assets**

	Leasehold Land and Buildings £000	Furniture and Fixtures £000	Plant and Equipment £000	Total £000
<b>Cost</b>				
At 1 September 2020	2,080	18	1,180	3,278
Transfers				
Additions	264	11	249	524
Disposals	-	-	(24)	(24)
At 31 August 2021	2,344	29	1,405	3,778
<b>Depreciation</b>				
At 1 September 2020	582	9	899	1,490
Transfers	-	-	-	-
Charged in year	217	3	142	362
Disposals	-	-	(24)	(24)
At 31 August 2021	799	12	1,017	1,828
<b>Net book values</b>				
At 31 August 2020	1,498	9	281	1,788
At 31 August 2021	1,546	17	387	1,950

The current Sutton Academy building is owned by St Helens MBC and leased to the Academy on a four year short term lease agreement for a 'peppercorn' rent. The commencement date of the 125 year lease on the new buildings will be 12 months after the issue of the Certificate of Practical Completion which is likely to be early in 2021/22.

**The Sutton Academy**
**Notes to the Financial Statements for the year ended 31 August 2021 (continued)**
**12 Stock**

	2021	2020
	£000	£000
Paper/Uniform	-	8

**13 Debtors**

	2021	2020
	£000	£000
Trade debtors	31	32
VAT recoverable	18	32
Other debtors	10	3
Prepayments and accrued income	290	348
	<u>349</u>	<u>415</u>

**14 Creditors: amounts falling due within one year**

	2021	2020
	£000	£000
Trade creditors	152	239
Other taxation and social security	128	110
Other creditors	160	140
Accruals and deferred income	243	211
Loan balance due in < 1 year	18	14
	<u>701</u>	<u>714</u>

**Deferred income**

	2021	2020
	£000	£000
Deferred Income at 1 September 2021	36	37
Released from previous years	(36)	(37)
Resources deferred in the year	86	36
Deferred Income at 31 August 2021	<u>86</u>	<u>36</u>

At the balance sheet date the academy trust was holding funds received in advance for other income amounting to £86k.

**15 Creditors: amounts falling due in greater than one year**

	2021	2020
	£000	£000
Salix Loan	<u>86</u>	<u>82</u>
	<u>86</u>	<u>82</u>

Loans of £118k from Salix Finance in relation to CIF projects have been provided on an interest free basis and are repayable over an 8 year term.

**The Sutton Academy**  
**Notes to the Financial Statements for the year ended 31 August 2021**  
(continued)

**16 Funds**

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2021 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	7,442	(6,927)	(163)	352
Pupil Premium	-	475	(426)	-	49
Other grants	-	820	(820)	-	-
Pension Reserve	(5,011)	-	(310)	(549)	(5,870)
	<b>(5,011)</b>	<b>8,737</b>	<b>(8,483)</b>	<b>(712)</b>	<b>(5,469)</b>
<b>Restricted fixed asset funds</b>					
Transfer on conversion		208	-	-	208
DfE/ESFA capital grants	676	231	(364)	163	706
Capital expenditure from GAG	1,112	-	-	-	1,112
	<b>1,788</b>	<b>439</b>	<b>(364)</b>	<b>163</b>	<b>2,026</b>
<b>Total restricted Funds</b>	<b>(3,223)</b>	<b>9,175</b>	<b>(8,846)</b>	<b>(549)</b>	<b>(3,443)</b>
<b>Total unrestricted funds</b>	<b>190</b>	<b>8</b>	<b>(8)</b>	<b>-</b>	<b>190</b>
<b>Total funds</b>	<b>(3,033)</b>	<b>9,184</b>	<b>(8,855)</b>	<b>(549)</b>	<b>(3,253)</b>

The specific purposes for which the funds are to be applied are as follows:

- Restricted general Funds comprise all other restricted funds received and include grants from the Education & Skills Funding Agency, Department for Education, or other funders.
- Restricted Fixed Asset Funds are resources which are applied to specific capital purposes imposed by the Education & Skills Funding Agency, Department for Education, or other funders where the asset acquired or created is held for a specific purpose.
- Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Trustees.

Under the funding agreement with the Secretary of State, The Academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

**The Sutton Academy**  
**Notes to the Financial Statements for the year ended 31 August 2021 (continued)**

**16 Funds (continued)**

Comparative information in respect of the preceding period is as follows:

	As Restated Balance at 1 September 2019 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2020 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	6,736	(6,638)	(98)	-
Start Up Grant	-	-	-	-	-
Pupil Premium	-	457	(457)	-	-
Pension Reserve	(5,042)	-	(316)	347	(5,011)
Other grants	-	576	(576)	-	-
	<b>(5,042)</b>	<b>7,769</b>	<b>(7,987)</b>	<b>249</b>	<b>(5,011)</b>
<b>Restricted fixed asset funds</b>					
Transfer on conversion					
DfE/ESFA capital grants	433	300	(299)	242	676
Capital expenditure from GAG	1,112	-	-	-	1,112
Private sector capital	-				
	<b>1,545</b>	<b>300</b>	<b>(299)</b>	<b>242</b>	<b>1,788</b>
<b>Total restricted Funds</b>	<b>(3,497)</b>	<b>8,069</b>	<b>(8,286)</b>	<b>491</b>	<b>(3,223)</b>
<b>Total unrestricted funds</b>	<b>183</b>	<b>151</b>	<b>-</b>	<b>(144)</b>	<b>190</b>
<b>Total funds</b>	<b>(3,314)</b>	<b>8,220</b>	<b>(8,286)</b>	<b>347</b>	<b>(3,033)</b>

**17 Analysis of net liabilities between funds**

Fund balances at 31 August 2021 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	1,950	1,950
Current assets	190	1,102	192	1,484
Current liabilities	-	(701)	-	(701)
Non-current liabilities	-	-	(86)	(86)
Provision	-	-	(30)	(30)
Pension scheme liability	-	(5,870)	-	(5,870)
<b>Total net liabilities</b>	<b>190</b>	<b>(5,469)</b>	<b>2,026</b>	<b>(3,253)</b>

Comparative information in respect of the preceding period is as follows:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	1,788	1,788
Current assets	190	704	92	986
Current liabilities	-	(704)	(10)	(714)
Non-current liabilities	-	-	(82)	(82)
Pension scheme liability	-	(5,011)	-	(5,011)
<b>Total net liabilities</b>	<b>190</b>	<b>(5,011)</b>	<b>1,788</b>	<b>(3,033)</b>

**The Sutton Academy**  
**Notes to the Financial Statements for the year ended 31 August 2021 (continued)**

**18 Capital Commitments**

There are no capital commitments.

**19 Commitments under operating leases**

At 31 August 2021 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2021 £000	2020 £000
Amounts due within one year	11	2
Amounts due between one and five years	22	-
Amounts due after five years	-	-
	<u>33</u>	<u>2</u>

**20 Reconciliation of net income/(expenditure) to net cash flow from operating activities**

	2021 £000	2020 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	329	(66)
Adjusted for:		
Depreciation (note 11)	362	299
Loss on disposal of assets	-	-
Capital grants from DfE and other capital income	(231)	(300)
Interest receivable (note 5)	-	(1)
Defined benefit pension scheme cost less contributions payable (note 27)	296	222
Defined benefit pension scheme finance cost (note 27)	87	89
Decrease/(Increase) in stocks	8	(7)
Decrease in debtors	66	39
(Decrease) in creditors	(89)	(8)
Increase in provision	30	-
<b>Net cash provided by / (used in) Operating Activities</b>	<u>858</u>	<u>267</u>

**21 Cash flows from financing activities**

	2021 £000	2020 £000
Repayments of borrowing	(15)	(10)
Cash inflows from new borrowing	22	39
<b>Net cash outflow from returns on investment and servicing of finance</b>	<u>7</u>	<u>29</u>

**22 Cash flows from investing activities**

	2021 £000	2020 £000
Dividends, interest and rents from investments	-	1
Purchase of tangible fixed assets	(524)	(507)
Capital Grants from DfE Group	231	300
<b>Net cash (used in) by investing activities</b>	<u>(293)</u>	<u>(206)</u>

## The Sutton Academy

### Notes to the Financial Statements for the year ended 31 August 2021(continued)

#### 23 Analysis of cash and cash equivalents

	At 31 August 2021 £000	At 31 August 2020 £000
Cash in hand and at bank	633	361
Notice deposits (less than 3 months)	502	202
<b>Total cash and cash equivalents</b>	<b>1,135</b>	<b>563</b>

#### 24 Guarantees, letter of comfort and indemnities

There were no guarantees, letters of comfort and indemnities provided by the trust during this year.

#### 25 Contingent liabilities

There were no contingent liabilities as at the balance sheet date.

#### 26 Members liabilities

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

#### 27 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Merseyside Pension Fund. Both are multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of the independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £125,126 (2020:£110,628) were payable to the scheme at 31 August 2021 and are included within creditors. Prepaid LPGA deficit contributions amounting to £nil (2020: £nil) are included within debtors.

##### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

##### The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pension Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

**The Sutton Academy**  
**Notes to the Financial Statements for year ended 31<sup>st</sup> August 2021 (continued)**  
**27 Pension and similar obligations (continued)**

**Valuation of the Teachers' Pension Scheme**

The latest actuarial review of the TPS was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Government Actuary's Department (the Department) on 5 March 2019. The key results of the valuations are:

- New employer contribution rates were set at 23.68% of pensionable pay (including administration fees of 0.08%);
- Total scheme liabilities for service to the effective date of £218.1 billion, and notional assets of £196.1 billion, giving a notional past service deficit of £22 billion;
- The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%

The new employer contribution rate for the TPS was implemented in September 2019. Dfe has agreed to pay a teachers pension employer grant to cover the additional cost during the 2019-20 academic year. The next valuation of the TPS is currently underway based on April 2019 data, whereupon the employer contributions rate is expected to be reassessed and will be payable from 1 April 2023.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2021 was £371k (2020: £304k), of which employer's contributions totalled £296k (2020: £237k) and employees' contributions totalled £75k (2020: £67k). The agreed contribution rates for future years are 12.4 per cent for employers and between 5.5 and 12.5 per cent for employees. Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The Guarantee came into force on 18 July 2013.

Deficit recovery contributions will be made over a three year period, commencing April 2017/18. The planned deficit payments have been agreed at £101.9k, £105.6k and £109.5k respectively.

**Principal Actuarial assumptions**

	At 31 August 2021	At 31 August 2020
Rate of increase in salaries	4.3%	3.8%
Rate of increase for pensions in payment / inflation	2.9%	2.4%
Discount rate for scheme liabilities	1.7%	1.8%
Inflation assumption (CPI)	2.8%	2.3%
Commutation of pensions to lump sums	50%	50%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectation on retirement age 65 are:

	At 31 August 2021	At 31 August 2020
<i>Retiring today</i>		
Males	21	20.9
Females	24.1	24
<i>Retiring in 20 years</i>		
Males	22.6	22.5
Females	26	25.9

**The Sutton Academy**  
**Notes to the Financial Statements for year ending 31 August 2021**

**27 Pension & similar obligations (continued)**

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2021	Fair value at 31 August 2020
	£000	£000
Equities	2,264	1,714
Government bonds	62	88
Other bonds	520	486
Property	418	317
Cash and other liquid assets	79	190
Other	1,061	725
<b>Total market value of assets</b>	<b>4,404</b>	<b>3,520</b>
Present value of scheme liabilities		
- Funded	(10,274)	(8,531)
<b>(Deficit) in the scheme</b>	<b>(5,870)</b>	<b>(5,011)</b>

The actual return on the scheme assets was (£6,000) (2020: £(19,000))

**Amounts recognised in the statement of financial activities**

	2021	2020
	£000	£000
Current service cost (net of employer contributions)	(216)	(192)
Interest income	65	58
Interest cost	(152)	(147)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	(30)
Admin expenses	(7)	(5)
<b>Total amount recognised in the SOFA</b>	<b>(310)</b>	<b>(316)</b>

**Changes in the present value of defined benefit obligations were as follows:**

	2021	2020
	£000	£000
<b>At 1 September</b>	<b>8,531</b>	<b>8,095</b>
Current service cost	512	429
Interest cost	152	147
Employee contributions	75	67
Actuarial loss/(gain)	1,162	(316)
Benefits paid	(158)	79
Past Service cost	-	30
<b>At 31 August</b>	<b>10,274</b>	<b>8,531</b>



**The Sutton Academy**

**Notes to the Financial Statements for year ending 31<sup>st</sup> August 2021 (continued)**

**27 Pension & similar obligations (continued)**

<b>Changes in the fair value of academy's share of scheme assets:</b>	<b>2021 £000</b>	<b>2020 £000</b>
<b>At 1 September 2020</b>	<b>3,520</b>	<b>3,053</b>
Expected return on assets	65	58
Actuarial gains / (losses)	613	31
Administration expenses	(7)	(5)
Employer contributions	296	237
Employee contributions	75	67
Benefits paid	(158)	79
<b>At 31 August 2021</b>	<b>4,404</b>	<b>3,520</b>

**The Sutton Academy**  
**Notes to the Financial Statements for the year ended 31 August 2021(continued)**

**28 Related party transactions**

Owing to the nature of the academy's operations and the composition of the board of trustees' being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

St Helens College – the academy's sponsor provided the following goods and services for the financial year 2020/21.

	Total 31st August 2021 £'000
Provision of Chief Financial Officer Services	39
<b>Total</b>	<b>39</b>

- Sponsors St Helens College were paid £39,000 in respect of the services listed above during the year (2020 £44,000). There was nil outstanding at 31<sup>st</sup> August 2021 (2020 outstanding £nil).
- The provision of the Chief Financial Officer services were provided by St Helens College at cost until April 2021. The Chief Financial Officer is now an employee of the Trust.
- In entering into the transaction the Trust has complied with the requirements of the Academies Financial Handbook and with the academy's financial regulations and procurement procedures subject to the disclosure made in the statement of Regularity Propriety & compliance.

**29 Events after the end of the reporting period**

The Sutton Academy building is owned by St Helens MBC and will be transferred to the Sutton Academy on a 125 year lease. The commencement date of the 125 year lease is likely to be early in 2021/22.

**30 Agency Arrangements**

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period 31 August 2021 the trust received £18k and disbursed £1k from the fund.

**31 Provision**

	2021 £000	2020 £000
Provision for liabilities	30	-